

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Office of the Inspector General

Inspector General



April 28, 2004

The Honorable Anthony A. Williams
Mayor
District of Columbia
John A. Wilson Building
1350 Pennsylvania Avenue, N.W., Suite 600
Washington, D.C. 20004

RE: SIGNIFICANT ACTIVITY REPORT

Dear Mayor Williams:

This report is to inform you of the results of an investigation that was conducted by Special Agent James Glymph, of this Office, and Special Agent N. James Massey, Federal Bureau of Investigation, concerning Lois Alston-Graves, former Support Enforcement Specialist, Office of Paternity and Child Support Enforcement, District of Columbia Department of Human Services.

On January 8, 2002, Alston-Graves was indicted by a federal grand jury as a co-conspirator and charged with violations of 18 U.S.C. § 371 (Conspiracy) and 18 U.S.C. § 1343 (Wire Fraud) for her involvement with others to unlawfully and knowingly devise a scheme and artifice to defraud finance companies, in the factoring business, and obtain monies through false and fraudulent pretences.

The investigation revealed that during the months of December 1997 and January 1998 Alston-Graves used her government telephone to verify bogus information to several finance companies in an attempt to receive short-term commercial loans based on fake accounts receivable. In the scheme, Alston-Graves purported to be a Contracting Officer and falsely represented that co-defendant John Harrison Smith, of Daytona Beach, Florida, had a government contract, and was owed over \$1,000,000 on invoices for past services to the District government. Alston-Graves falsely verified that the government was processing certain paperwork purportedly ensuring that the finance company would receive the money owed on a bogus invoice. As a result of Alston-Graves' actions, a finance company wired over \$83,000 to Smith.

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On March 20, 2004, a federal jury sitting in the United States Court for the District of Columbia returned a verdict of guilty against Alston-Graves on charges of Conspiracy and Wire Fraud. The Honorable Judge Ellen S. Huvelle will sentence Alston-Graves on July 15, 2004.

In addition to Alston-Graves' convictions, co-defendant Smith pled guilty to one count of conspiracy on December 1, 2003. Judge Huvelle will sentence Smith on May 14, 2004.

If you need additional information, please contact me or Robert G. Andary, Assistant Inspector General for Investigations, on (202) 727-1039.

Sincerely,

A handwritten signature in cursive script, appearing to read "Austin A. Andersen".

Austin A. Andersen
Interim Inspector General

AAA/jg



U.S. Department of Justice

ROSCOE C. HOWARD, JR.
*United States Attorney for the
District of Columbia*

*Judiciary Center
555 Fourth St. N.W.
Washington, D.C. 20530*

PRESS RELEASE

FOR IMMEDIATE RELEASE

Tuesday, April 20, 2004

For Information Contact Public Affairs

Channing Phillips (202) 514-6933

Former D.C. Government Employee Found Guilty of Conspiracy and Wire Fraud

Washington, D.C. - United States Attorney Roscoe C. Howard, Jr., Assistant Director in Charge Michael Mason of the FBI's Washington Field Office and District of Columbia Interim Inspector General Austin Andersen jointly announced that Lois Alston-Graves, 54, of the 800 block of Delafield Place in N.W., Washington, D.C., former Support Enforcement Specialist within the Office of Paternity and Child Support of the Department of Human Services for the District of Columbia, was convicted today by a federal jury on charges of Conspiracy and Wire Fraud. The defendant faces a statutory maximum prison sentence of up to twenty years, a fine of up to \$1,000,000 and a restitution order. Under the federal sentencing guidelines, the defendant may face a prison sentence of 41-51 months when she is sentenced before the Honorable Ellen S. Huvelle, United States District Judge on July 15, 2004.

This conviction is the most recent one in this case. On December 1, 2003, defendant John H. Smith, 33, of Daytona Beach, Florida pleaded guilt to one count of conspiracy. Mr. Smith also faces a statutory maximum prison sentence of up to five years, a fine of up to \$250,000 when he is sentenced before Judge Huvelle on May 14, 2004.

The evidence at trial demonstrated that Ms. Alston-Graves used her government telephone to verify bogus information to several finance companies in an attempt to receive short term commercial loans based on fake account receivables. In the scheme, Ms. Alston-Graves pretended to be a

contracting officer who verified bogus paperwork submitted to the finance companies by Mr. Smith. In particular, Ms. Alston-Graves falsely represented that Mr. Smith had a D.C. government contract, was performing under the contract, and was owed over \$1,000,000 on invoices by the D.C. government. In addition, Ms. Alston-Graves verified that the government was processing certain paperwork purportedly ensuring that the finance company would receive the money owed on the invoices. As a result of her bogus verifications, a finance company wired over \$83,000 to Mr. Smith, who paid Ms. Alston-Graves several thousand dollars for her help in the scheme. In addition, Ms. Alston-Graves spoke with additional companies in an effort to receive millions of dollars.

In announcing the verdict, United States Attorney Howard, Assistant Director Mason and Interim Inspector General Andersen commended James Glymph, Special Agent with the Office of Inspector General of the District of Columbia, N. James Massey, Jr. Special Agent with the Federal Bureau of Investigation, who investigated the case and assisted in bringing the case to trial. The United States Attorney also commended Legal Assistants Shavonne Rush and Teesha Tobias and Paralegal Specialist Paula Pagano, who assisted in the trial of the case, and Assistant United States Attorneys Elizabeth Coombe, Kimberly Knowles and Jonathan Rosen, who indicted and tried the case.

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